Grant to North East Development Financial Corporation

132. DR. (SHRIMATI) JOYASREE GOSWAMI MAHANTA: Will the Minister of FINANCE be pleased to state:

(a) whehter a grant of Rs. 20 crores has been provided to the North East Development Financial Corporation by the Central Government through North East Council to fund techno-economic studies for industries and infrastructure best suited to this region; and

(b) if so, the details of studies conducted so far and the findings thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir. North Eastern Development Finance Corporation (NEDFC) has reported that a grant of Rs. 20 crores has been received by it on 29th January, 1999 through North Eastern Council to fund techno-economic studies for industries and infrasturcture best suited to the region.

(b) The Advisory Board on techno-economic development fund has identified areas for study and following two studies have already been started:

(i) Sub transmission and distribution of electricity improvement upto 2025-AD.

(ii) Medical Plants Development in the North East.

Amount in Central Road Fund

133. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of FINANCE be pleased to state:

(a) the amount, accrued so far in 1999-2000 in the Central Road Fund from the cess/duty on diesel;

(b) the amount proposed to be transferred to the States from this fund; and

(c) the amount proposed to be allocated this year from the fund to the Railways for over-bridges and safety works at unmanned railway crossings?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Modalities for setting up the Central Road Fund in line with the announcement made by Finance Minister in the Budget Speech for Budget 1999-2000 are being worked out.

Government Equity below 51 per cent in Public Sector Banks

134. SHRI C. RAMACHANDRAIAH:
DR. ALLADI P. RAJKUMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to bring down Government equity below 51 per cent in the public sector banks;

(b) if so, the reasons for change in the policy; and

(c) the manner in which Government would be ensured to safeguard investments of general masses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Committee on Financial Sector Reforms (Narasimham Committee-II) had observed that the Indian banks, by and large, are not sufficiently capitalised and further capital enhancement would be necessary for the larger Indian banks and especially those which wish to have an international presence. The Committee has therefore observed that with the competing demands on the budget for investment in areas like infrastructure and social services, Government cannot continue to indefinitely provide capital to public sector banks. The Committee has further suggested that the public sector banks should be encouraged to raise capital from the market and minimum shareholding by the Government and the Reserve Bank of India in the equity of nationalised banks and the State Banks of India should be brought down to 33 per cent respectively. The recommendations of the Committee are under examination.

(c) Safeguarding the interest of all stakeholders has to be ensured through appropriate regulation and supervision and does not necessarily emanate from Government control.